



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Executive Director

May 27, 2014

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#9 of MAY 27, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**HEARING TO APPROVE THE FISCAL YEAR 2014-2015 ACTION PLAN FOR THE
ALLOCATION OF FEDERAL FUNDS
(ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the one-year Action Plan for the Los Angeles Urban County to enable the County of Los Angeles to apply for, receive and administer Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) program funds from the U.S. Department of Housing and Urban Development (HUD) for housing and community development activities in the 49 participating cities and the unincorporated areas of the Los Angeles Urban County. This letter relates to two other items appearing on today's agenda for the Board of Commissioners of the Community Development Commission (Commission) and the Board of Commissioners of the Housing Authority.

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Find that the approval of the Action Plan is not subject to the California Environmental Quality Act (CEQA) because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.
2. Approve the Action Plan for Fiscal Year (FY) 2014-2015 (Action Plan), which will enable the Los Angeles Urban County to receive and administer an estimated \$47,741,706 in federal funds, comprised of the following: \$21,084,444 in 40th Program Year (July 1, 2014 to June 30, 2015) CDBG funds; \$229,165 in FY 2014-2015 CDBG funds received as a joint applicant with the City of Cerritos and \$854,375 received as a

joint applicant with the City of Torrance; \$16,274,744 in CDBG funds from prior fiscal years; \$850,000 in estimated future CDBG Program income; \$6,682,260 in FY 2014-2015 HOME Program funds; and \$1,766,718 in FY 2014-2015 ESG funds.

3. Designate the Commission to serve as the agent of the County for administration of the Action Plan and the allocated funds described herein; and authorize the transfer of these allocated funds to the Commission.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Consolidated Plan is a five-year strategy for the County of Los Angeles to expend CDBG, HOME and ESG funds. The Action Plan is a component of the Consolidated Plan that defines projects and programs to be implemented with these funds over a one-year period. Following approval by the Board, the Action Plan must be submitted to HUD by May 30, 2014.

The National Affordable Housing Act (NAHA) of 1990 (Cranston/Gonzalez Housing Act), as amended in 1992, requires that the County provide a single, consolidated submission of the proposed expenditure of funds to be eligible for the HUD formula grant funding, including CDBG, HOME, and ESG. The Action Plan satisfies these federal requirements to provide for the release of these allocated funds.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

All funds allocated in the Action Plan will be transferred to the Commission for projects and other uses identified in the Action Plan. The Action Plan allocates an \$47,741,706 in federal funds, comprised of the following: \$21,084,444 in 40th Program Year (July 1, 2014 to June 30, 2015) CDBG funds; \$229,165 in FY 2014-2015 CDBG funds received as a joint applicant with the City of Cerritos and \$854,375 received as a joint applicant with the City of Torrance; \$16,274,744 in CDBG funds from prior fiscal years; \$850,000 in estimated future CDBG Program income; \$6,682,260 in FY 2014-2015 HOME Program funds; and \$1,766,718 in FY 2014-2015 ESG funds.

Prior year CDBG funds are either committed to projects continuing into the new FY or are committed to new FY projects. HUD regulations allow three years to expend CDBG funds because of time required to plan, commit, and implement projects; the Los Angeles Urban County Program typically expends prior year funds within two years.

CDBG funds total \$39,292,728 and are comprised of new, reallocated, prior years', and CDBG Program income funds, of which \$4,608,722 will be used for administration and fair housing expenditures. A total of \$20,578,845 in CDBG funds will be allocated

among the five (5) Supervisorial Districts for projects in the unincorporated areas of the County. Of the funds allocated by Supervisorial Districts, \$4,085,328, comprised of \$3,878,295 in new FY 2014-2015 funds and \$207,033 in prior year CDBG funds, will be distributed to the Housing Authority of the County of Los Angeles (Housing Authority) for fourteen new projects and one continuing project for residents of public housing. A total of \$14,105,161 in CDBG funds will be allocated among the 49 participating cities. Projects to address housing and community needs will be implemented by the Commission, the Housing Authority, and the Los Angeles County Departments of Regional Planning, Parks and Recreation, Consumer Affairs, and Public Works; the Los Angeles County Public Library, Sheriff's Department (collectively, County Departments), and 32 community-based organizations and other public agencies, such as school districts.

The CDBG Reimbursable Contracts with three cities currently repaying Section 108 loans will be amended to reduce the allocations of Fiscal Year 2014-2015 CDBG funds by \$1,715,476 in order to set aside annual repayment amounts that are due under separate Section 108 loan agreements. The following amounts will be subtracted from their FY 2014-2015 allocations: \$568,987 from the City of Bell Gardens; \$134,166 from the City of Culver City; and \$348,587 from the City of San Fernando. Additionally, \$192,236 will be subtracted from the Fifth Supervisorial District's FY 2014-2015 allocation to set aside the Section 108 loan annual repayment amount for the unincorporated West Altadena supermarket site assembly; and a total of \$471,500 will be subtracted from the Second Supervisorial District's FY 2014-2015 allocation to set aside the Section 108 loan repayment for the unincorporated Florence Parking Lot and La Alameda Shopping Center projects.

HOME funds total \$6,682,260, of which \$668,226 will be used for HOME Program administration, as determined by HUD. The First-Time Homebuyer Program will use \$3,007,017 in FY 2014-2015 HOME funds to provide homeownership opportunities in the unincorporated areas of the County and participating cities. Housing development and Community Housing Development Organization (CHDO) activities will use \$3,007,017. HOME funds may be reprogrammed for homeownership and development needs.

ESG funds total \$1,766,718. These funds will be allocated to the Los Angeles Homeless Services Authority (LAHSA) for projects to assist the homeless in the unincorporated areas of the County of Los Angeles and participating cities. LAHSA will conduct a Request for Proposal (RFP) process to award these funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 28, 2013, your Board approved the Fiscal Year 2013-2014 Action Plan, which ends on June 30, 2014, and the new Plan must be adopted by your Board to continue receiving funding from HUD. The new Action Plan includes a description of the activities to be undertaken during the 2014-2015 Fiscal Year to address the objectives identified in

the Consolidated Plan's five-year strategy.

Standard CDBG Advance or Reimbursable Contracts will be entered into with recipients of CDBG funds.

All public notice requirements contained in 24 Code of Federal Regulations Part 91 Section 91.105 of the NAHA for approval of the Action Plan have been satisfied. A total of five community meetings were held in September 2013. Comments received at these meetings have been incorporated into the Action Plan and the documents were posted on the Commission website in late April 2014 to update the public regarding the comments received at the meetings. Notices of the 30-day public comment period and public hearing were published in newspapers throughout the County in different languages and copies of the draft Action Plan were made available for review at public libraries. The public comment period will conclude on May 27, 2014.

The Action Plan is attached to this Board letter. The following documents are also attached: Fiscal Year 2014-2015 CDBG Program Funding Summary; Fiscal Year 2014-2015 HOME Grant Reservations and Set-Asides; and Proposed Use of ESG Funds. These items appear as Attachments A through C, respectively.

All of the projects proposed in the Action Plan are being federally funded. As applicable, the administering agencies will be subject to the prevailing wage requirements of the Davis-Bacon Act and its related Acts, and Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance. However, where Section 3 is not applicable, the agencies will be subject to the County's Greater Avenues for Independence (GAIN) Program and General Relief Opportunity for Work (GROW) Program, which furthers the same or similar goals.

This letter has been reviewed by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The Action Plan is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(1), because it is a planning document and does not involve activities that will alter existing environmental conditions. The Action Plan is not subject to the provisions of CEQA, pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Each program within the Action Plan will be reviewed for environmental impact on a project-by-project basis before funding is released.

CONTRACTING PROCESS

The County does not use a competitive process to award CDBG contracts to non-profit agencies. Each Supervisorial District utilizes the Community Resources Investment Strategy (CRIS), citizen input from community meetings, and consultations with the Commission to select agencies that best meet community needs.

HOME funds are used to implement a variety of affordable housing development available to households earning less than 80% of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as determined by HUD. HOME funds for development are made available on an annual basis through a competitive Notice of Funds Availability (NOFA). Funds are made available to for-profit and non-profit developers. Projects are selected to maximize the impacts of HOME funds based on viability, financial feasibility, and appropriateness to geographic location and community need. Funds are also made available on a first-come, first-served basis to income-qualified buyers for the purchase of existing housing.

ESG funds are allocated to LAHSA. LAHSA contracts with non-profit and government agencies in order to provide housing and services for homeless individuals and families through an RFP process that solicits proposals for new and continuing projects.

IMPACT ON CURRENT PROJECTS

The projects contained in the Action Plan will benefit low- and moderate-income residents of the unincorporated County and participating cities.

Respectfully submitted,



SEAN ROGAN
Executive Director

SR:SS:rw

Enclosures

ATTACHMENT A

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

40th Year Grant (July 1, 2014-June 30, 2015)

Funding Summary

Grant Funds To Be Received

40th Year Urban County Entitlement Funds	21,084,444
Received from the City of Cerritos	229,165
Received from the City of Torrance	854,375
TOTAL (Revenues for 40th Year)	22,167,984

Revenues for 40th Program Year	22,167,984
Prior Years' Funds ¹	16,274,744
Projected Program Income	850,000
TOTAL REVENUES	39,292,728

Distribution of CDBG Funds for the Fortieth Program Year

Unincorporated Areas ²	25,187,567
Participating Cities ³	14,105,161
TOTAL	39,292,728

¹Includes Districts' unallocated/prior years' (PY) funds, countywide PY funds, and participating cities unallocated/PY funds. HUD regulations allow three years to expend CDBG funds because of time required to plan, commit, and implement projects; the Los Angeles Urban County Program typically expends PY funds within two years.

² Includes unallocated funds from prior years, program income, and 40th year funds.

³ Includes unallocated funds from prior years, program income, and 40th year funds.

ATTACHMENT B

FY 2014-2015 HOME GRANT FUND RESERVATIONS AND SET-ASIDES

The following chart depicts the distribution of HOME funds among housing activities within the Los Angeles Urban County.

PROGRAM	FUNDS
HOME Administration	\$ 668,226
Housing Development	3,007,017
Home Ownership Program	3,007,017
Total Funds	\$6,682,260

*Funds among activities may be reprogrammed

ATTACHMENT C

PROPOSED USE OF ESG FUNDS

The Los Angeles Homeless Services Authority (LAHSA) proposes to use the 2014-2015 Emergency Solutions Grant (ESG) allocation to meet the purpose of the Stewart B. McKinney Homeless Assistance Act 24 CFR 576.1 (b) as amended by The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 and to meet the goals in the 2013-2018 Consolidated Plan.

IN 2009, the HEARTH Act revised the Emergency Shelters Grant Program and renamed the program the Emergency Solutions Grant (ESG) program and also revised it to broaden existing emergency shelter and homelessness prevention activities to add rapid re-housing activities. As such, homelessness prevention and rapid re-housing services will be provided along with homeless shelter and street outreach. Together, these activities will strengthen the referral system of these services in order to address the needs of individuals and families at risk of homelessness and those that are now chronically homeless.

The following is an estimate of the percentages of the ESG funds to be allocated to the various eligible activities:

ELIGIBLE ACTIVITY	PERCENTAGE	ESTIMATED ALLOCATION
Street Outreach	\$102,770	5.82%
Emergency Shelter	1,132,610	64.11%
Homelessness Prevention	0	0%
Rapid Re-Housing	282,347	15.98%
HMIS	116,487	6.59%
Administration	132,504	7.50%
Total	\$1,766,718	100%

LAHSA will meet the matching funds requirement with 100% federal Supportive Housing Program funds for the 2014-2015 Program Year.